



MEMORANDUM

Department of Natural Resources

STATE OF ALASKA
Division of Agriculture

TO: Dairy Industry Ad Hoc Committee

DATE: October 20, 2006

TELEPHONE: 761-3867

FROM: Larry DeVilbiss
Director

SUBJECT: Alaska Dairy
Production Price
Support

HISTORY

Upon approval of FY06 Supplemental Capital Budget, and in accordance with Sec. 58. DEPARTMENT OF NATURAL RESOURCES. (a) Section 24(n), ch. 159, SLA 2004; \$500,000 will be available for the purpose of Alaskan dairy production price support. These funds are a one-time appropriation in response to the Governor's Declaration of Agriculture Disaster dated April 22, 2004. \$2.00 per hundred-weight will be paid for Alaskan produced milk purchased by processors The Creamery Corporation DBA Matanuska Maid Dairy and Northern Lights Dairy, Inc. only.

The Creamery Corporation DBA Matanuska Maid Dairy and Northern Lights Dairy, Inc. will provide the Division of Agriculture monthly production reports and evidence of payment for each Alaskan dairy producer retroactive to January 1, 2005.

The Division of Agriculture Director, or designee, is the authority for approval of payment. Payments will be paid once per month directly to the producer through the State of Alaska warrant system. Final payment distribution will be paid pro rata.

AD HOC QUESTIONS/ANSWERS

1. When will the \$2.00 per hundred-weight program end?

***April 2007 (best estimate at this time)**

2. How much will it cost for a 5-year extension based on current production?

Based on the current producers participating in the program (8-producers) *\$1,005,615.00.

3. How much will it cost for a 5-year extension based on projected production?

Based on two producers in Mat Valley and two producers in Delta Junction (4-producers)

****\$476,080.00.**

4. How much would it cost to sustain producer prices at \$25 per hundred-weight?

Based on current production and producers getting roughly \$21 per hundred-weight from Mat Maid, \$2 per hundred-weight from the State, and a Federal MILC subsidy averaging .50 per hundred-weight it would cost ** \$150,842.25 per year.

*This date could fluctuate based on milk production

**This amount could fluctuate based on milk production

DAIRY PRICE SUPPORT

In accordance with the FY06 Capital Budget, Sec. 58. DEPARTMENT OF NATURAL RESOURCES. (a) Section 24(n), ch. 159, SLA 2005 funding was made available for dairy price support. \$2.00 per hundred-weight will be paid for Alaska produced milk purchased by processors The Creamery Corporation DBA Matanuska Maid Dairy and Northern Lights Dairy Inc. retroactive to January 1, 2005.

Original Balance	\$500,000
April 05 Retro	\$88,980
May 05	\$23,752
June 05	\$24,033
July 05	\$24,853
August 05	\$20,743
September 05	\$19,391
October 05	\$19,677
November 05	\$15,091
December 05	\$15,348
January 06	\$14,563
February 06	\$13,715
March 06	\$16,246
April 06	\$15,314
May 06	\$15,871
June 06	\$17,061
July 06	\$18,513
Remaining Balance	\$136,849